



**Statement before the House International Relations  
Committee, Subcommittee on the Middle East and Central  
Asia**

***“Review of U.S. Assistance Programs to Egypt”***

A Statement by

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Madam Chairman and distinguished members of this committee, I thank you for the opportunity to testify before you on U.S. assistance to Egypt.

As you know, the United States has been providing some economic assistance to Egypt for most of the last half century. It is remarkable to consider just how consistent U.S. goals have been over this extended time: promoting economic development and political reform, and securing the country's regional orientation are themes that go back to the 1950s. The aid has continued, and people on both sides continue to remark just how far we remain from our ultimate goals.

Over the years, the Egyptian American relationship has provided numerous benefits for each side. On peace with Israel, Egypt blazed a trail that many others have since followed, with varying degrees of commitment and energy. In the Cold War, Egypt was the first major Arab power to abandon the East Bloc for an alliance with the United States. The Middle East used to be peppered with governments that were politically and ideologically opposed to the United States, and now we are down to two: Syria and Iran. Egypt's played a role in this change, and our aid package helped make that shift possible.

In more recent years, Egypt has actively supported a number of efforts to promote Arab-Israeli peace, often nurturing talks between Palestinian militant groups that are far beyond our ability to influence directly. Egypt has also been a vital ally in counterterrorism, although I am confident you would learn far more in a classified briefing than I can tell you here today.

Our aid relationship has had both economic and military components for three decades. While I am not an expert on the military component—the larger part—I will concentrate my discussion on issues of economics and politics, although I am happy to answer questions on the military relationship to the best of my ability.

**Frustration is not new**

The U.S. relationship with Egypt has been mutually beneficial, but it has rarely been easy. Egyptians have been sensitive to any whiff of condescension or dependency, and Americans who rotate through Cairo have often complained about Egyptian obstruction, delay, and obstinacy.

Current frustrations with our aid program are not new, nor are they likely to vanish. It is hard to be a long-time donor and see so little progress on a wide range of issues into which we have been putting effort for decades. Similarly, it is hard to be a long-time aid recipient and not come to treat the aid as an entitlement. We will need to manage this relationship for some time to come, for the plain fact is that we have long seen Egypt as a country worth courting, and they have long seen themselves the same way. We are very likely to continue an aid relationship far into the future, although both sides have an

opportunity to change its shape if they so wish.

For years, many in the United States have complained that we get too little for our money in Egypt, and many in Egypt have complained that we get too much. It is partly because our agenda with Egypt is so broad and so deep that there are always areas of dissatisfaction. At the same time, this relationship clearly lost its spark many years ago.

For a half-century now, Americans have looked at Egypt and seen much of the same picture. We have seen a country with highly centralized power largely run by an urban elite with disdain for the peasantry. We have seen a political and economic system in which relationships often matter more than competence, and access to capital remains difficult. We have seen an economy in which investments flow into real estate rather than productive capacity, creating an industrial base that is dominated by small workshops rather than large private manufacturing companies. Politically, we have seen a system that features some of the trappings of democratic governance, but in reality is fundamentally centralized and authoritarian, with extraordinary powers vested in the Executive and with few checks on the Executive's power.

Egypt has evolved in many ways since intensive American involvement first began in the early 1950s. Literacy has sharply increased, and the country has become more urbanized. Millions of acres of desert land have been reclaimed, and electricity and potable water now reach most of the countryside. Much of Egypt's progress has been achieved in partnership with the United States, which has poured tens of billions of dollars into Egypt's economic development.

Still, Egypt has not evolved according to an American model. Tens of millions of dollars spent on de-concentration of political power, democratization, and capacity building has vanished into the sands. While a business class has been emerging for two decades, it is still largely reliant on the political leadership for protection and support.

All of the U.S. aid has not made the United States popular in Egypt. Indeed, support for the United States is remarkably low, according to recent surveys. According to a Gallup poll released earlier this month, 72 percent of Egyptians believe that the United States is not serious about improving economic conditions in the Middle East, U.S. assistance notwithstanding. In a 2003 poll by Zogby International, 13 percent of Egyptians polled had a favorable view of the United States, compared to 79 percent with an unfavorable view--and 58 percent of the overall sample had a "very unfavorable view" of the United States, compared to just 2 percent with a "very favorable" view. President Carter retained some popularity into the early 1990s for helping Egypt regain the Sinai Peninsula from Israel, but U.S. policy—toward the Israeli-Palestinian conflict, toward Iraq, and beyond—has long been a source of complaint.

On a popular level, it seems to me that Egyptians have often been frustrated as well, feeling that the United States takes them for granted. As the most populous country in the Arab world, with some of the most able diplomats, located in the heart of the Middle East and containing one of its most strategic waterways, Egypt feels itself vital to any country

that aspires to global leadership. In addition, Egypt believes its role as the first Arab country to sign a peace treaty with Israel, and as a consistent interlocutor with Palestinians through good and bad times, makes its partnership essential to much of what the United States wants to do in the Middle East.

The United States often feels Egypt takes it for granted, and that the billions of dollars in assistance that the U.S. gives Egypt annually is often treated as an entitlement, regardless of Egyptian behavior. The increased U.S. government emphasis on democratization in recent years has exacerbated this tension. Many in the United States—and in the Middle East as well—say that Egypt is a test case for how serious the United States government is about pursuing democratic reform, even at the expense of short-term interests with allies. The Egyptian government has taken much of the U.S. push for democracy as an insult to its capacity, its intentions and its judgment, and it has sought to strengthen nationalist sentiment in response. In my judgment, it does so partly to discredit some democratization advocates as foreign agents, and partly to gain domestic credit for defending the nation against foreign intrigue.

### **Fall 2005 elections**

It seems to me that the elections of last fall were unfortunate for a number of reasons. They were not as free and fair as many Egyptians had expected, nor as the Egyptian government had promised. The disappointment was even more acute in the United States. Many American commentators had been far too optimistic about the likely consequences of those elections and the progress they would represent. Eager for victories for the President's policy of promoting democratization in the Middle East, some commentators proclaimed that U.S. pressure had opened the floodgates of political participation in Egypt. Nothing of the sort had happened, and when those expectations were not met, many observers overreacted—yet their expectations had been inappropriate to start with.

The elections had several important outcomes, not least was to demonstrate the paltry support the traditional opposition parties enjoy, and the strong support that exists—at least in some areas—for the Muslim Brotherhood. Equally importantly, the elections demonstrated that most Egyptians see few alternatives to the status quo. Disturbingly, the increasing violence of subsequent rounds of elections demonstrated the willingness among the security services to use force against peaceful demonstrators, and the reluctance of the political leadership to allow itself to be challenged in a serious way.

The elections were not all negative, however, and in many cases the judiciary acquitted itself with honor. In particular, the emergence of Egypt's judges as unbiased arbiters of truth, even when it contravenes the explicit desires of Egypt's executive branch, is a promising development. The judiciary has many problems, but over the last decade it has burnished its reputation for independence and moral authority, and that bodes well for the future of the country.

### **Interested in change, cautious about reform**

It is my sense that the Egyptian government is seriously interested in positive change, but cautious about the notion of thorough reform. It surely wants better results, and much of

the cabinet has been selected from a younger cadre of results-oriented managers. When it comes to fundamentally changing the way Egypt works, however, there is more resistance. Elites have a deep distrust of the broader population, and this distrust has been a recurring theme in Egyptian history. On a practical level, many government workers and public sector employees worry that reform will jeopardize their livelihoods, and the corruption that is embedded in a wide variety of enterprises in Egypt would be endangered by a system promoting full transparency and a complete meritocracy.

The persistent problems that Ayman Nour has had are, in my judgment, symptomatic of conditions in Egypt. In the last five years, freedom of speech has expanded tremendously, but freedom of action has not. When Ayman Nour ran for president, he sought actively to fill space in the middle of the Egyptian political spectrum: somewhat liberal, nationalist, and respectful of Islam. He also actively challenged the status quo. I have received numerous credible reports that his political rallies were disrupted, other candidates were warned to avoid him, and he was harassed. It was not a surprise that after turning in a weak but respectable showing in the presidential election, he lost his local seat in parliament and now sits in prison. I do not know the facts of his case to challenge his imprisonment; I know enough to suggest that his treatment by the Egyptian government represented selective prosecution, and his principal crime was to challenge the status quo.

We also see the government's strong reaction to the critical statements of Hisham al-Bastawisy and Mahmoud Mekki, two respected senior judges who have been outspoken in their criticism of Egypt's elections. Where they crossed the line, in my judgment, was not because they proved too radical. Their problem, instead, was that they are not radical enough. With their mainstream and moderate critique of the status quo, they hold the prospect of gathering public support and constraining government management of politics.

### **The State of emergency and counterterrorism**

This kind of aversion to peaceful protest is, in my judgment, completely different from the government's response to the bombings last month in Dahab. There is no question that the Egyptian government has been conducting an armed campaign against armed militants throughout the country for more than fifteen years. This campaign ebbs and flows, and the terrorists' attacks ebb and flow. The government reportedly uses extrajudicial detention, torture, and lethal force in order to contain this violence, although it has been unable to end it. In this regard, the government has relied on a declared state of emergency that has been in place since 1981. Not only has the current president not ruled Egypt except under the emergency law; Egypt has been under a state of emergency since 1967, with a brief interruption from 1980-81. The Dahab bombings gave cover to the government extending the emergency law for another three years, after years of promising to replace the state of emergency with a PATRIOT ACT-like law that would extend discrete powers to the state for purposes of counterterrorism.

### **The possibility of change**

I am not persuaded that any amount of U.S. pressure can fundamentally change the Egyptian government's actions here, for several reasons. First, for the current leadership,

controlling the political space is a vital component of its own survival. It has demonstrated a notable reluctance to experiment in this regard, and many consider its relatively lax approach to the early rounds of the parliamentary elections—which resulted in unprecedented gains for the Muslim Brotherhood—as a failure. Many in the Egyptian government appear to see democratization as an avocation or fleeting interest of the United States, but it is all that stands between them and the sword.

Second, Egyptians feel they have a much clearer understanding of the threats posed by local radical groups than Americans do. While this is true in some respects, I would argue that their intimate relationship to the problem is not only illuminating, but sometimes obscuring. There is an Egyptian proclivity to see opposition to the established order as a desire to bring chaos, which strikes me as an unfair reading.

Third, Egyptians have a long history of resenting foreign influence in their own country. By some accounts, when Gamal Abdel Nasser came to power in the 1950s, he was Egypt's first truly native leader in more than two millennia. Egyptians have lived under empire after empire and they often resent it; they have a keen resentment of U.S. efforts to shape their government.

Ultimately, what is likely to be most decisive is their view is a combination of all these points; their very strong view that they need to live with the results of whatever happens politically, and we do not. They feel there are ways to compensate for a diminution of U.S. aid, but if the country spins out of control, there is no way to recover.

I should add that an examination of the academic literature on conditionality would leave us similarly cautious. Efforts to elicit change through conditionality have been most successful when they target the objectively measured actions of a small group of people. There are few instances of it effectively promoting systemic political change.

In addition, it would be hard to impose strict conditionality credibly, for two reasons. First, there is just so much that the United States asks Egypt for on Arab-Israeli issues, counterterrorism, military transport through the Suez Canal, and so on, that American diplomats are unlikely to sacrifice near term needs for uncertain long-term reward. Second, the Muslim Brotherhood's success in recent elections, combined with Hamas' victory in the Palestinian Authority, will lead many in the United States to question just how quickly we want democracy to take hold in such a vital ally.

## **Conclusion**

I am cautiously optimistic about the route Egypt is on. I have met some very impressive young people who are tuned in to the outside world and eager to engage with it on their own terms. The government has been moving slowly but surely on economic reform, after almost a decade of mostly giving it lip service. Freedom of speech is expanding, and the press is unimaginably freer than it was even three years ago.

It seems to me that the most important things happening in Egypt are happening because the world is changing, and because Egyptians want them to, rather than because of

pressure from the United States. I am not persuaded that our efforts to impose conditionality have won us significant Egyptian concessions or spurred purposive Egyptian action. We are not without influence in Egypt, but we are surely without control. In my judgment, we have an insufficient understanding of the country or the levers of power within it to force the Egyptian government to do what it does not want to do.

At the same time, I would not write Egypt off as either hostile or useless. The United States derives enormous benefit from its relationship with Egypt, no matter how difficult it often is for both sides. It is hard to imagine a serious U.S. policy in the Middle East that does not seek a strong relationship with Egypt, and it is equally hard to imagine a serious Egyptian policy that does not seek a strong relationship with the United States. We should aid Egypt because it is in our interest, not because we think such aid can transform the country. It is a country that is changing, but it is very much doing so on its own terms and at its own pace.

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